

## **Feds Announce Payroll-related ITA Amendments**

In February, the federal Department of Finance published draft income tax proposals that would implement measures announced in last year's budget.

The proposals would make the following payroll-related changes to electronic filing, payments, and certification requirements:

- The threshold for mandatory electronic filing of information returns would be reduced from 50 returns of a particular type to five for information returns filed after 2021. A new penalty of \$125 (based on the number of returns filed incorrectly) would apply for failing to file electronically where required when filing more than five information returns of the same type, but fewer than 51. Existing penalties for failing to file electronically for more than 51 returns would continue to apply.
- Employers would be allowed to issue T4As electronically without having to also issue a paper copy and without needing to receive an individual's prior permission. This would apply for T4As filed after 2021.
- Remittances and payments under the *Income Tax Act* that were over \$10,000 would have to be paid electronically unless the remitter or payor could not reasonably remit or pay that way. The requirement would apply to remittances and payments made on or after January 1, 2021. Electronic payments could be through a designated financial institution's electronic services or by any electronic method that the minister of National Revenue specified. Employers who failed to make remittances or payments electronically as required would be liable for a penalty of \$100 for each failure.
- Employers would no longer have to provide a handwritten signature for form T2200, *Declaration of Conditions of Employment*. The amendment would take effect once enacting legislation received royal assent.

The draft amendments also propose changes affecting the way registered pension plan (RPP) administrators correct and report under- and over-contributions to money purchase provisions in a RPP. The proposed amendments would allow administrators to make contributions (called "permitted corrective contributions") to an employee's plan to correct for under-contribution errors that occurred in any of the five previous calendar years, up to a maximum amount. Plan administrators would not have to amend T4 slips to report the contribution. Instead, they would file a prescribed information return with the Canada Revenue Agency (CRA) within 120 days of making the contribution. The amendment would apply retroactively to January 1, 2021.

Plan administrators would also have to report pension adjustment corrections for over-contributions to the CRA; however, they would not have to amend T4 slips from previous years. Instead, they would use a prescribed form to report the correction within 60 days after the end of the relevant quarter for the first three quarters of a calendar year and before February of the following year for corrections related to the fourth quarter. The amendment would apply retroactively to January 1, 2021.

The proposed amendments would also make electronic correspondence the CRA's default

method of corresponding with businesses that use its My Business Account service. Businesses would still be allowed to choose to also receive paper correspondence, although businesses could request paper correspondence. The change would take effect once enacting legislation received royal assent.

For more information on the proposals, see <https://fin.canada.ca/drleg-apl/2022/ita-lir-0222-1-eng.html>.

We will continue to monitor this story and will report on further developments in upcoming releases.

## **Feds Release Report from Committee Studying Right to Disconnect**

The members of a federal government committee studying the right to disconnect in federally regulated workplaces could not agree on whether the government should mandate right-to-disconnect policies.

The federal government published the committee's final report, including its recommendations, in February. The government has proposed establishing a right-to-disconnect policy for federally regulated workplaces. It set up the committee to consult with employers, employees, non-governmental organizations (NGOs), and individuals in 2020 and 2021 on how to proceed.

A right to disconnect means that employees would not have to engage in work-related communications, such as e-mails, phone calls, video calls or sending or reviewing other messages outside of work hours.

In its report, the committee said, "Fundamentally, there was substantial divergence on how the government should proceed. This included debate (on) whether or not a legal requirement for the right to disconnect should be pursued."

Union and NGO representatives recommended that that the government make right to disconnect mandatory in federally regulated workplaces, while employer representatives called for a non-legislative, non-regulatory approach. Both sides agreed that the right to disconnect should be created in a way that ensures that employers can continue to contact workers in emergencies and communicate critical health and safety information to them.

Employer representatives also recommended that right-to-disconnect policies should be designed in a way that allows employers to maintain flexibility within the hours of work provisions in the *Canada Labour Code*.

The two sides also disagreed on whether there should be a definition of "deemed work" (i.e., what it means to work) in the Code, with union and NGO representatives calling for it and employer representatives saying it is a separate issue than right to work and should be studied on its own.

Employer representatives advised the government to take into consideration the timing of any

new measures so as not to over burden employers dealing with the hardships brought on by the COVID-19 pandemic.

Both sides agreed that the government should facilitate the sharing of best practices and should improve its data collection on the issue of right to disconnect.

Labour Minister Seamus O'Regan Jr. said the government would consider all of the committee's recommendations as it works to bring forward a plan for a right-to-disconnect policy.

We will continue to monitor this story and will report on further developments in upcoming releases.

For more information on the report, see <https://www.canada.ca/en/employment-social-development/corporate/portfolio/labour/programs/labour-standards/reports/right-to-disconnect-advisory-committee.html#h2.0D>.

### **Reminder: T4/RL-1 Filing Deadline Approaching**

Just a reminder... The deadline for filing T4s, T4As, and T4A-NRs with the Canada Revenue Agency is Monday, February 28, 2022. It is also the deadline for filing RL-1s and RL-2s with Revenu Québec.

### **Reminder: Upcoming Statutory Holidays**

Just a reminder... The following dates are statutory holidays:

- Mon. Feb.21/22: Alberta, British Columbia, Manitoba (Louis Riel Day), New Brunswick, Nova Scotia (Heritage Day), Ontario, P.E.I. (Islander Day), and Saskatchewan—Family Day (other names for the holiday shown in parentheses)
- Fri., Apr. 15/22: All jurisdictions—Good Friday (In Quebec, employers may choose to observe the holiday on Good Friday or Easter Monday.)

For information on entitlement to the holidays and how to compensate employees for them, please refer to the applicable jurisdiction in chapter 19, Statutory Holidays.

### **Reminder: Deadline Approaching for Filing Workers' Compensation Reports**

Just a reminder... Most workers' compensation bodies in Canada require employers to file an annual payroll report by the last day of February. For specific due dates, requirements, and filing options, refer to the website of the applicable board.

For Quebec, the annual report, called a *Déclaration des salaires*, is due before March 15, 2022. In Ontario, employers who pay their Workplace Safety and Insurance Board (WSIB) premiums monthly must file a *Reconciliation Form* with the WSIB by March 31, 2022.

## **Reminder: Deadline Approaching for Filing Health-related Tax Returns**

Just a reminder... The deadline is approaching for filing health-related tax returns in some jurisdictions:

**British Columbia:** Employers who are required to pay the province's Employer Health Tax (EHT) must file an annual return by March 31, 2022. Employers must file it electronically through eTaxBC. In addition to the return, employers must either pay their final instalment payment (if paying the EHT quarterly) or their total annual EHT payment for the previous year (if paying the EHT annually).

**Manitoba:** Employers who are required to pay the Health and Post Secondary Education Tax Levy (HE Levy) must file a *Health and Education Tax Levy Annual Report* with the provincial Finance Department each year. The deadline for filing the 2021 report is March 31, 2022.

**Ontario:** Employers who are required to pay the Ontario Employer Health Tax must file an *Annual Return* with the Finance Ministry no later than March 15, 2022.

## **B.C. Throne Speech Proposes Indexing Minimum Wage**

The British Columbia government says it plans to index the province's minimum wage to increases in the rate of inflation later this year.

The government made the announcement in early February in the Throne Speech to open the current session of the Legislative Assembly.

In moving to index the minimum wage rate, British Columbia would be following many other Canadian jurisdictions that already adjust their minimum wage rates based on changes in the consumer price index.

In the speech, the government also pledged to make improvements to the workers' compensation system, although it did not specify whether any changes would affect payroll administration.

We will continue to monitor these proposals and will report on further developments in upcoming releases.

## **NL Government Announces Minimum Wage Hike; Appoints Committee to Review Minimum Wage**

On April 1, 2022, the provincial minimum wage rate will rise from \$12.75 an hour to \$13.20, Minister Responsible for Labour Bernard Davis recently announced.

The provincial government indexes the minimum wage rate to the percentage change in the consumer price index for Canada, with adjustments occurring on April 1 every year.

In related news, the Newfoundland and Labrador government appointed a five-member committee in January to review the province's minimum wage.

Davis said the committee would consult with targeted stakeholders, then prepare a report on its findings and provide "non-binding" recommendations on the process for setting the minimum wage and the wage rate. The report is due by April 30, 2022. The committee consists of employer and employee representatives, as well as a chairperson.

We will continue to monitor this story and will report on further developments in an upcoming release.

### **Reminder: N.S. Minimum Wage Rising Apr. 1**

Just a reminder...Effective April 1, 2022, the minimum wage rate in Nova Scotia will rise from \$12.95 an hour to \$13.35.

In related news, Premier Tim Houston announced in February that the government had accepted recommendations from the province's Minimum Wage Review Committee to increase the minimum wage rate to \$15 an hour by 2024. Based on the recommendations, the minimum wage will rise to the following amounts between 2022 and 2024:

- April 1, 2022: \$13.35
- October 1, 2022: \$13.60
- April 1, 2023: \$14.30
- October 1, 2023: \$14.65
- April 1, 2024: \$15.00
- April 1, 2025: The rate will be adjusted yearly based on the percentage change in the projected annual consumer price index for the preceding calendar year plus 1%.

### **Ontario Government to Study Portable Benefits**

The Ontario government has announced that it will establish an advisory panel to make recommendations on how it can set up a portable benefits plan in the province.

Portable benefits would be tied to workers rather than employers, allowing workers to maintain their benefits even if they lose or change their job. The plan could provide benefits such as health, dental and vision care.

Monte McNaughton, minister of Labour, Training and Skills Development, said while most employees in full-time permanent jobs in Ontario have medical and dental benefits, fewer than 25% of workers who work part time or in precarious jobs do.

Last year, a government-appointed committee examining the future of work recommended that the government set up an expert panel to study portable benefits. In a report called *The Future of Work in Ontario*, the committee suggested that an expert panel design and test a portable benefits program for workers not covered by traditional employer benefits that could be funded by

contributions from consumers, employers, workers and the government.

McNaughton said he would appoint the panel by this spring. He noted that in its research, the panel would consider costs to employers taking part in a portable benefits plan.

We will continue to monitor this story and will report on further developments in upcoming releases.

### **Yukon Minimum Wage Rising Apr. 1**

Beginning April 1, 2022, the Yukon government will raise the territory's minimum wage rate from \$15.20 per hour to \$15.70.

The territorial government indexes its minimum wage rate based on the consumer price index for Whitehorse for the previous calendar year and adjusts it every year on April 1.

### **Payroll Q & A**

**Question:** Our employer has implemented a mandatory COVID-19 vaccination policy for all employees. We are now suspending or, in some cases, terminating the employment of employees who refused to get vaccinated. Is there a specific COVID-19-related code that I should use to report this on a *Record of Employment* (ROE)?

**Answer:** Employment and Social Development Canada (ESDC) requires employers to use code M (dismissal or suspension) when issuing an ROE for an employee they have suspended or terminated for not complying with their vaccine mandate. If employees have an interruption of earnings because they refuse to report to work because they do not want to comply with the mandatory vaccination policy, employers are to use codes E (quit) or N (leave of absence) on the ROE.

ESDC advises that it might contact employers who use these codes to determine if they had clearly communicated the vaccine mandate to employees, including notifying employees that they would lose their job if they failed to comply with it; if the mandate was reasonable within the workplace setting; and if it included any exemptions.